Law Offices

#### HALEY. BADER & POTTS

4350 NORTH FAIRFAX DR., SUITE 900 ARLINGTON, VIRGINIA 22203-1633 TELEPHONE (703) 841-0606 FAX (703) 841-2345

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

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Our File No. 0992-102-60

SUSAN H. ROSENAU

August 5, 1993

By Hand Delivery

Mr. William F. Caton Acting Secretary Federal Communications Commission

Washington, D.C. 20554

MM Docket No. 93-42, ¢alistoga, California

Dear Mr. Caton:

On behalf of Moonbeam, Inc., an applicant (File No. BPH-911115MG) for a New FM Station on Channel 265A in Calistoga, California, please find the original and six copies of its Second Motion to Enlarge Issues Against Gary E. Willson in the above-referenced proceeding.

Kindly communicate any questions directly to this office.

Yours very truly,

Susan H Rosenau

Enclosures (6)

cc: Moonbeam, Inc.

Robert Zauner, Esquire A. Wray Fitch, Esquire

Administrative Law Judge Edward Luton

No. of Copies rec'd CList A B C D E

Before The

AUG - 5 1993

OFFICE OF THE SECRETARY

Federal Communications	Commission FEDERAL COMMUNICATIONS COMMISSION
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Washington, D.C. 20554

In re Applications Of

MOONBEAM, INC.

File No. BPH-911115MG

For a Construction Permit for a New FM Station on Channel 265A in Calistoga, California

Docket No. MM 93-42

File No. BPH-911115MG

File No. BPH-911115MO

To: The Honorable Edward Luton Administrative Law Judge

# Second Motion to Enlarge Issues Against Gary E. Willson

Pursuant to Section 1.229 of the Commission's Rules, Moonbeam, Inc. ("Moonbeam"), by its attorneys, respectfully moves that the issues in the above-captioned proceeding as against Gary Willson ("Willson") be enlarged, stating in support thereof as follows:

#### **Preliminary Statement**

- 1. Moonbeam and Willson are competing applicants for a new FM station on Channel 265A at Calistoga, California. The Hearing Designation Order ("HDO") in the above-captioned proceeding was released on March 8, 1993.
  - 2. The HDO designated the following issues:
    - To determine which of the proposals would, on a comparative basis, best serve the public interest.

- To determine, in light of the evidence adduced pursuant to the specified issues, which of the applications should be granted, if any.
- 3. On July 21 and 22, 1993, the Presiding Officer heard testimony and cross-examination from both parties regarding the standard comparative issues set forth above.
- 4. Pursuant to Section 1.229, motions to enlarge the issues in a comparative broadcast proceeding are to be filed by thirty ("30") days after the release of the Hearing Designation Order, or within 15 days of the receipt of newly discovered evidence. This motion is based on the testimony of Gary E. Willson at the July 22, 1993 hearing before the Presiding Officer, the transcript of which Moonbeam received on August 3, 1993, within 15 days of the date hereof. Accordingly, this motion is timely filed.

#### **Facts**

5. On June 11, 1993, pursuant to the Presiding Officer's Order released June 1, 1993 (FCC 93M-316), Willson produced his personal financial statement reflecting assets jointly held with his wife, Martha-Mary Willson. The statement, a copy of which is attached as Exhibit A, is two pages long and is dated "November 15, 1991" on both pages. The statement also bears the signatures of Mr. Willson and his wife dated "November 15, 1991," with an attestation that the contents are true to the best of their knowledge.

6. At the hearing on July 22, 1993, after being duly sworn, Mr. Willson identified the statement as the financial statement *he had relied upon* in making the financial certification in his application for the Calistoga, California facility. A copy of the relevant transcript excerpt is attached as Exhibit B. The testimony was as follows:

#### Volume Three, Page 242, line 10 - Page 243, line 1:

#### BY MR. SHUBERT:

- Now, Mr. Willson, during the course of this proceeding among the documents that have been produced by your side was a financial statement and, if I may, I would like to put a copy of the financial statement before you and ask you a few questions about that. Did you rely upon this document for anything in relation to your application?
- A Yes.
- Q And what was -- what did you rely on it for?
- A To show that I have the proper assets, liquid assets, to fund the station for three months of operation.
- Q And this was at the time you prepared and signed the application?
- A Well, this particular financial --
- Q Just say yes or no to the question. Was this at the time you signed and prepared the application?
- A Yes

#### Page 243, lines 14 through 21:

- Q Did you prepare this statement?
- A Yes.
- Q You didn't have any assistance preparing this statement?
- A No
- Q And that is your signature and the signature of your wife on page 2 of that document?
- A That's correct.

Transcript of Proceedings, *In re Applications of Moonbeam, Inc. and Gary E. Willson*, MM Docket No. 93-42, July 21-22, 1993 ("Hearing Transcript"), Volume 3, pages 242-243.

7. Also at the hearing on July 22, 1993, Mr. Willson testified that, as reflected on his application, he executed the financial certification on November 12, 1991 -- three days *prior* to the date of the financial statement. Excerpts of the transcript of his testimony are attached as Exhibit C. A copy of Mr. Willson's financial certification, dated November 12, 1991, is attached as Exhibit D.

#### Argument

- 8. It thus appears, on its face, that Mr. Willson has:
- (a) falsely certified as to his financial qualifications to be a Commission licensee when he signed his application for the Calistoga, California facility; and
- (b) falsely testified before the Presiding Officer as to his reliance on the financial statement produced to Moonbeam.
- 9. In addition to the aforesaid substantial and material questions, a substantial and material question of fact also exists concerning whether Willson's "financial statement" was manufactured evidence calculated to mislead Moonbeam and the Commission into believing that Mr. Willson had, at the time he executed his financial certification, a current financial statement *on hand* as required by the Commission's rules and policies. No other logical reason exists for the presence of a financial statement dated three days *after* Willson executed his application. These issues are discussed more fully below.

#### I. False Certification/General Financial Issue

10. In Revision of Application for Construction Permit for Commercial Broadcast Stations (FCC Form 301), 4 FCC Rcd. 3853, 3859 (1989), the Commission declared that, at the time an applicant signed its financial certification, the applicant was to have on hand, inter alia:

A detailed balance sheet at the close of a month within 90 days of the date of the application showing the applicant's financial position.

FCC Form 301, Instructions at 6-7, a copy of which is attached as Exhibit E.

- 11. Mr. Willson's application and testimony reflect that he signed his application on November 12, 1991. Mr. Willson's financial statement and testimony reflect that Mr. Willson had no current financial statement prior to November 15, 1991. Accordingly, Mr. Willson did not have a balance sheet *on hand* on which to base his Form 301, Section III financial certification when he signed his application. Hearing Transcript at 221; 242-243 (see Exhibits A-E).
- 12. The Review Board has held that, although the Commission's Form 301 revisions do not require applicants to submit financial documentation with their applications, the Commission "firmly expected applicants to have such information at hand at the time of certification." (emphasis added), Pontchartrain Broadcasting Company, Inc.,, 7 FCC Rcd. 1898, 1903 (Rev. Bd. 1992), citing Public Notice on Random Notice of Verification of Financial Certifications, 2 FCC Rcd. 2122 (1987); Dutchess Communications Corp., 101 FCC 2d 243 (Rev. Bd. 1985);

South Florida Broadcasting Co., 94 FCC 2d 452 (1983); Revision of Application for Construction Permit for Commercial Broadcast Station (FCC Form 301), 50 RR 2d 381, 382 (1981).

13. Accordingly, issues should be added to determine whether Mr. Willson falsely certified as to his financial qualifications on November 13, 1991 and whether Willson was, in fact, financially qualified at the time. As Willson himself pointed out in his enlargement petition seeking financial issues based on Moonbeam's alleged lack of a financial statement at the time it certified, these allegations are not trivial. The financial documentation requirements are necessary to "ensure that an applicant has made the requisite commitment and engaged in the requisite due diligence to assure that it is financially qualified." Second Petition [of Gary Willson] to Enlarge Issues, filed May 14, 1993, at 7.1

#### II. Misrepresentation Issue

14. It also appears *prima facie* that Willson's own hearing testimony and documents -- which he has identified as genuine -- are irreconcilably inconsistent. Willson *testified* that when he signed his application on November 12, 1991, he *relied* on a financial statement dated November 15, 1991. Further, the November 15, 1991 date on the financial statement -- certainly not a customary date for the compilation of financial information such as, for example, October first -- suggests that the "financial statement" provided in response to the Presiding Officer's June 1, 1993 Order may have been manufactured or fabricated.

<sup>1</sup>Moonbeam further notes that Willson's financial statement does not conform to the Commission's requirements, in that it does not reflect his financial situation as of "the end of a month." *See* Exhibit E.

-

15. A clear motive exists for such misrepresentation and fabrication. If, only two weeks after filing an enlargement petition against Moonbeam seeking financial issues based on the alleged lack of proper financial documentation at the time of certification, Willson himself was forced to admit that he lacked the same documentation, Willson would be conceding that, by his own reasoning, he had falsely certified his financial qualifications. Further, the formalities Willson apparently observed in preparing and executing the financial statement do not easily lend themselves to error; it is difficult to credit that Willson would inadvertently misdate a document *in three different places* (see Exhibit A). Accordingly, a misrepresentation issue against Willson should also be added.

WHEREFORE, the premises considered, Moonbeam respectfully requests that the issues in the captioned proceeding be enlarged by the Presiding Administrative Law Judge, as to Gary Willson, to include the following:

1. To determine whether Gary Willson falsely certified that he was financially qualified in his initial application signed November 12, 1991; and if so, the effect thereof upon Gary Willson's basic qualifications to be a Commission permittee/licensee.

- 2. To determine whether Gary Willson is financially qualified to construct and operate the proposed new FM station in Calistoga, and if not, the effect thereof on Gary Willson's basic qualifications to be a Commission permittee/licensee.
- 3. To determine whether Gary Willson has made misrepresentations to the Commission by testifying that he relied on his November 15, 1991 financial statement in certifying his financial qualifications on November 12, 1991, and by manufacturing false evidence in this proceeding, specifically, the purported November 15, 1991 financial statement, and if so, the effect thereof on Gary Willson's basic qualifications to be a Commission permittee/licensee.

Moonbeam further requests that, if the requested issues are added, that pursuant to Section 1.229 of the Commission's rules Gary Willson be ordered to provide the supplemental discovery set forth in Exhibit F hereto.

Respectfully submitted,

MOONBEAM, INC.

Lee W. Shubert

Susan H. Rosenau

Its Attorneys

HALEY, BADER & POTTS
Suite 900
4350 North Fairfax Drive
Arlington, VA 22203-1633

703/841-0606

August 5, 1993



#### FINANCIAL STATEMENT

Gary E. & Martha-Mary Willson Financial Statement As of November 15, 1991

#### **ASSETS**

**TOTAL ASSETS** 

CURRENT ASSETS Cash in banks:		
Bank of America	\$8,800.00	
	\$82,000.00	
Hambrick & Quist ( T-Note)	•	
Charles Schab IRA'S	\$20,000.00	
Merrill Lynch Money Market Cash: Total	\$195,000.00	\$305,800.00
Other assets:		<b>\$305,800.00</b>
Consolidated Property Masters	\$1,000.00	
Stock Portfolio	\$308,919.00	
	\$8,400.00	
EE US Savings Bonds Total: Other assets	\$6,400.00	\$318,319.00
Iolai. Onle assets		4310,010.00
TOTAL CURRENT ASSETS:		\$624,119.00
FIXED ASSETS		
Real Estate Owned		
Personal Residence	\$550,000.00	
Sandy Point, Bethel Island	\$500,000.00	
Sandy Point, Sanger	\$740,000.00	
Sandy Point, Antioch	\$1,000,000.00	
Real Estate Owned: Total	•	\$2,790,000.00
Business Owned		• ,
Speed-Dee Wash, Antioch	\$65,000.00	
Speed-Dee Wash, Santa Rosa	\$125,000.00	
Business Owned: Total	•	\$190,000.00
Personal Assets		•
1990 Lincoln Towncar	\$15,000.00	
1985 Volvo Station Wagon	\$8,200.00	
Household furnishings	\$11,000.00	
Gold & Silver Collection	\$5,000.00	
Cameras and studio equipment	\$3,200.00	
Personal Assets: Total	·	\$42,400.00
Notes		
Miller Mobile Home	\$22,000.00	
Porter Mobile Home	\$4,500.00	
Relatives notes	\$25,000.00	
Notes: Total		\$51,500.00
TOTAL FIXED ASSETS		\$3,073,900.00
OTAL ASSETS		\$3,698,019.00

#### FINANCIAL STATEMENT

#### Gary E. & Martha-Mary Willson Financial Statement As of November 15, 1991

#### LIABILITIES

<b>CURRENT</b> I	<b>JAI</b>	BIL	ITIES
------------------	------------	-----	-------

Bank loans payable	\$0.00
Accounts payable	\$2,000.00
Taxes payable	\$0.00

#### **TOTAL CURRENT LIABILITIES:**

\$2,000.00

#### LONG TERM LIABILITIES

Notes-Real Estate Owned

Mortgage-Personal Residence	\$203,000.00	
1st DT-Sandy Point, Bethel Island	\$188,684.22	
1st & 2nd DT-Sandy Point, Sanger	\$301,828.00	
1st & 2nd DT-Sandy Point, Antioch	\$592,458.00	

Notes-Real Estate Owned: Total \$1,285,970.22

**Business Loans** 

Promissary Note, Santa Rosa \$2,841.00

Business Loans: Total \$2,841.00

Auto Loans on Assets

1990 Lincoln Towncar-Auto Loan \$8,826.00

Auto Loans: Total \$8,826.00 TOTAL LONG-TERM LIABILITIES \$1,299,637.22

TOTAL LIABILITIES \$1,301,637.22

NET WORTH \$2,396,381.78

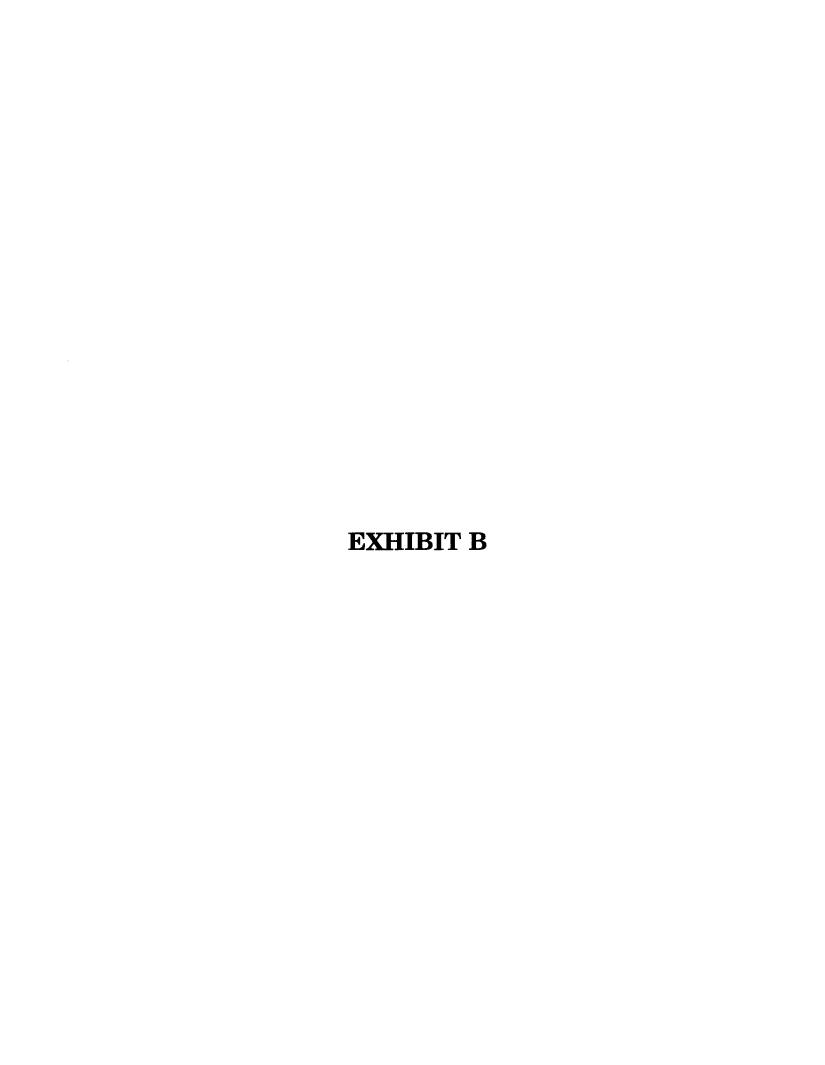
LIABILITIES AND NET WORTH \$3,698,019.00

This financial statement is true and correct to the best of my knowledge.

Signed this 15th day of Nevember 199

Gary E. Willson

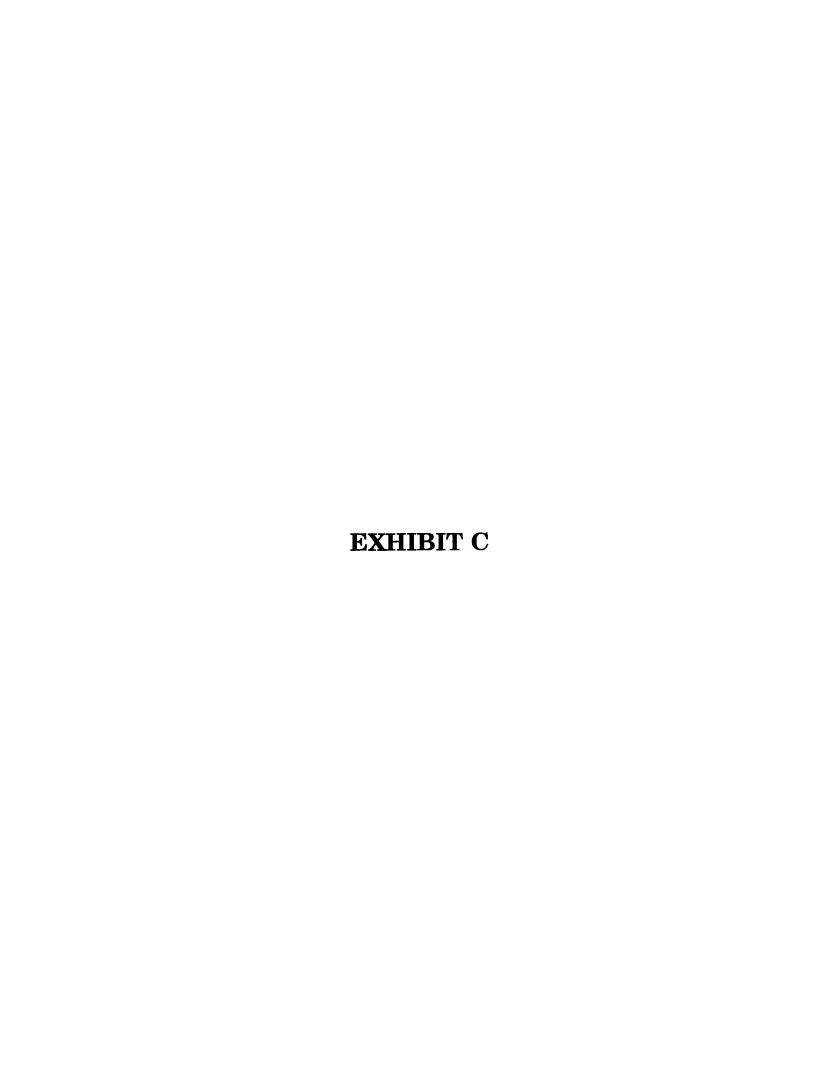
Martha-Mary Willegn



1	Before ' FEDERAL COMMUNICATI	
2	Washington, D.	C. 20554
3	·	
4	In Re Applications of:	
5	MOONBEAN, INC.	MM DOCKET NO. 93-42
6	GARY E. WILLSON	
7	Calistoga, California	
8	The above-entitled matter	er come on for hearing
9	pursuant to Notice before Judge Ed Law Judge, at 2000 L Street, N.W.	iward Luton, Administrative
10	Courtroom No. 4, on Thursday, July	7 22, 1993 at 9:35 a.m.
11	APPEARANCES:	
12	On behalf of Gary E. Willson:	
13 14	JAMES A. GAMMON, Esquire A. WRAY FITCH, III, Esquire Gammon & Grange, P.C. 8280 Greensboro Drive	
15	McLean, Virginia 22102-3807	
16	(703) 761-5000	
17	On behalf of Moonbeam, Inc.:	
18	LEE W. SHUBERT, Esquire SUSAN ROSENAU, Esquire	
19	Haley, Bader & Potts 4350 North Fairfax Drive	
20	Arlington, Virginia 22203-163	33
21	(703) 841-2345	
22		
23		
24		
25		

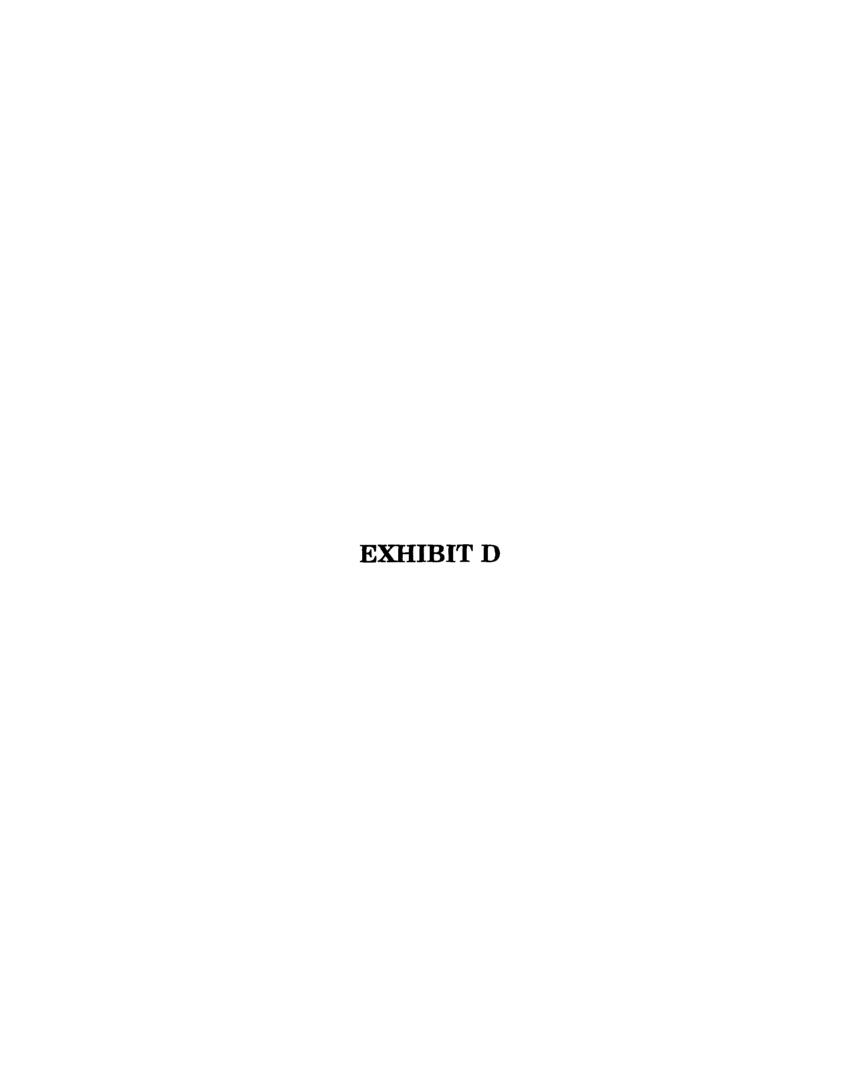
1	MR. FITCH: Yes, Your Honor, on the grounds of		
2	relevance. There's no real party and interest issue here.		
3	It's a check signed by Mr. Willson.		
4	JUDGE LUTON: Overruled. Received, Moonbeam's		
5	Exhibit 3.		
6	(The document that was referred to as		
7	Moonbeam's Exhibit No. 3 was marked		
8	for identification and received into		
9	evidence.)		
10	BY MR. SHUBERT:		
11	Q Now, Mr. Willson, during the course of this		
12	proceeding among the documents that have been produced by your		
13	side was a financial statement and, if I may, I would like to		
14	put a copy of the financial statement before you and ask you a		
15	few questions about that. Did you rely upon this document for		
16	anything in relation to your application?		
17	A Yes.		
18	Q And what was what did you rely on it for?		
19	A To show that I have the proper assets, liquid		
20	assets, to fund the station for three months of operation.		
21	Q And this was at the time you prepared and signed the		
22	application?		
23	A Well, this particular financial		
24	Q Just say or no to the question. Was this at the		
25	time you signed and prepared the application?		

1	<b>,</b>	Yes.
2	Q	And is this your individual financial statement?
3	A	Yes.
4	Ω	You alone? It doesn't include your wife?
5	λ	It's my wife and mine, yes.
6	Ω	This is a joint financial statement for you and your
7	wife?	
8	A	Yes, that's right.
9	Q	It's a consolidated statement?
10	A	Yes, it is.
11	Q	And, again, it bears the notation at the top of the
12	page o	Gary E. and Martha-Mary Willson?
13	A	That's correct.
14	Ω	Did you prepare this statement?
15	A	Yes.
16	Ω	You didn't have any assistance preparing this
17	statem	ent?
18	A	No.
19	Q	And that is your signature and the signature of your
20	wife o	n page 2 of that document?
21	A	That's correct.
22		MR. SHUBERT: At this point, Your Honor, I would
23	like t	have this financial statement identified marked for
24	identi	fication as Moonbeam Exhibit No. 4 and I would provide
25	the re	porter with an original and one copy of the financial



1	Before FEDERAL COMMUNICATION	
2	Washington, D.	C. 20554
3		1
4	In Re Applications of:	
5	MOONBEAN, INC.	MM DOCKET NO. 93-42
6	GARY E. WILLSON	
7	Calistoga, California	
8	The above-entitled matte	or come on for hearing
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10	Courtroom No. 4, on Thursday, July	y 22, 1993 at 9:35 a.m.
11	APPEARANCES:	
12	On behalf of Gary E. Willson:	
13	JAMES A. GAMMON, Esquire A. WRAY FITCH, III, Esquire Gammon & Grange, P.C.	
14 15	8280 Greensboro Drive McLean, Virginia 22102-3807	
16	(703) 761-5000	
17	On behalf of Moonbeam, Inc.:	
18	LEE W. SHUBERT, Esquire	
19	SUSAN ROSENAU, Esquire Haley, Bader & Potts	
20	4350 North Fairfax Drive Arlington, Virginia 22203-16	33
21	(703) 841-2345	
22		
23		
24		
25		

1	A Yes, I did.
2	Q Had the engineering been sent to Mr. Fitch or was it
3	sent to you?
4	A The engineering was sent to me and to Mr. Fitch.
5	Q Simultaneously?
6	A Yes.
7	Q When the return when the document returned to you
8	from Mr. Fitch did it have the engineering attached?
9	A Yes.
10	Q Mr. Willson, can I direct your attention to page 25
11	of FCC Form 301 which is the back signature page? It may be
12	in the middle of your document, I suspect, prior to the
13	exhibits.
14	A There.
15	Q Yeah.
16	A Um-hum, yes.
17	Q And, Mr. Willson, is that your signature?
18	A Yes, it is.
19	Q I must say that's quite a signature.
20	A Yes.
21	Q And this document was executed by you on December
22	I'm sorry, on November 12, 1991?
23	A Correct.
24	Q And then you returned it to Mr. Fitch?
25	A Yes.



#### SECTION III - FINANCIAL QUALIFICATIONS

NOTE If this application is for a change in an operating facility do not fill out this section.

L.	The applicant	certifies that sufficient	net liquid assets are	e on hand or that suf	ficient funds
	are available	from committed source	s to construct and o	perate the requested	facilities for
	three months	without revenue.			

X Yes No

2. State the total funds you estimate are necessary to construct and operate the requested facility for three months without revenue.

**\$** 158,300

3. Identify each source of funds, including the name, address, and telephone number of the source (and a contact person if the source is an entity), the relationship (if any) of the source to the applicant, and the amount of funds to be supplied by each source.

	Source of Funds (Name and Address)	Telephone Number	Relationship	Amount
~ 	Gary E. Willson 2 Corte Del Bayo Larkspur, CA 94939	(415) 924-3541	Applicant	\$158,300
			·	
				,

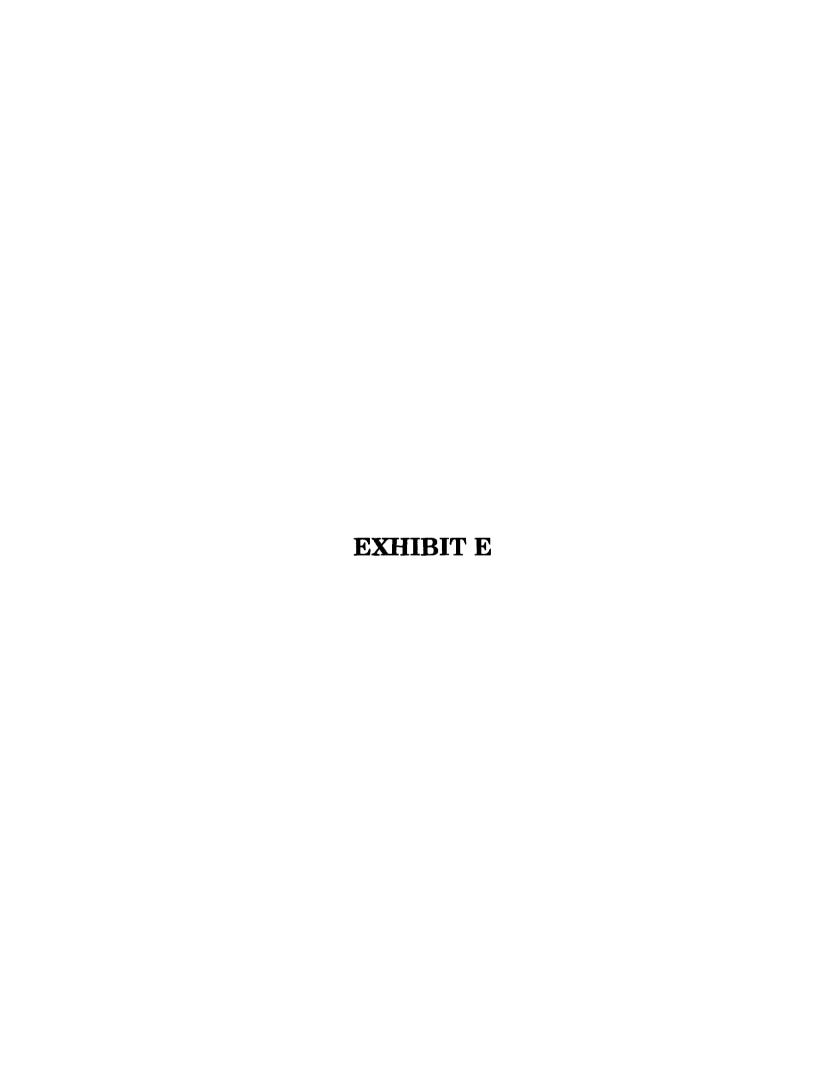
U.S. CODE, TITLE 18, SECTION 1001.		
I certify that the statements in this application made in good faith.	are true and correct to the bes	at of my knowledge and belief, and are
Name of Applicant	Signature	
GARY E. WILLSON		
November 12, 1991	Title	

### FCC NOTICE TO INDIVIDUALS REQUIRED BY THE PRIVACY ACT AND THE PAPERWORK REDUCTION ACT

The solicitation of personal information requested in this application is authorized by the Communications Act of 1934, as amended. The principal purpose for which the information will be used is to determine if the benefit requested is consistent with the public interest. The staff, consisting variously of attorneys, analysts, engineers and applications examiners, will use the information to determine whether the application should be granted, derection, dismissed, or designated for hearing. If all the information is not provided, the application may be returned without action having been taken upon it or its processing may be delayed while a request is made to provide the missing information. Accordingly, every effort should be made to provide all necessary information. Your response is required to obtain the requested authority.

Public reporting burden for this collection of information is estimated to vary from 71 hours 45 minutes to 301 hours 30 minutes with an average of 118 hours 28 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, can be sent to the Federal Communications Commission, Office of Managing Director, Washington, D.C. 20554, and to the Office of Management and Budget, Paperwork Reduction Project (3060-0027), Washington, D.C. 20503.

THE FOREGOING NOTICE IS REQUIRED BY THE PRIVACY ACT OF 1974, P.L. 93-579, DECEMBER 31, 1974, 5 U.S.C. 552a(e)(3), AND THE PAPERWORK REDUCTION ACT OF 1980, P.L. 96-511, DECEMBER 11, 1980, 44 U.S.C. 3507.



Federal Communications Commission Washington, D.C. 20554

## Instructions for FCC 301 Application for Construction Permit for Commercial Broadcast Station FCC Form 301 attached)

#### GENERAL INSTRUCTIONS

- A. This FCC form is to be used to apply for authority to construct a new commercial AM, FM or TV broadcast station, or to make changes in the existing facilities of such a station. It consists of the following sections:
  - L GENERAL INFORMATION
  - IL LEGAL QUALIFICATIONS
  - IIL FINANCIAL QUALIFICATIONS
  - IV-A. PROGRAM SERVICE STATEMENT
  - IV-B. INTEGRATION STATEMENT
    - v. ENGINEERING DATA AND ANTENNA AND SITE INFORMATION
    - VI. EQUAL EMPLOYMENT OPPORTUNITY PROGRAM
    - VII. CERTIFICATIONS

An applicant for change in facilities need file only Sections I, V and VII. Do not file Sections II, III, IV-A, IV-B and VI.

- B. Many references to FCC Rules are made in this application form. Before filling it out, the applicant should have on hand and be familiar with current broadcast rules in 47 Code of Federal Regulations (C.F.R.):
  - (1) Part 0 "Commission Organization"
  - (2) Part 1 "Practice and Procedure"
  - (3) Part 17 "Construction, Marking and Lighting of Antenna Structure"
  - (4) Part 73 "Radio Broadcast Services"

FCC Rules may be purchased from the Government Printing Office, Washington, D.C. 20402. You may telephone the GPO Order desk at (202) 783-3238 for current prices.

- C. Prepare an original and two copies of this form and all exhibits. This application with all required exhibits should be filled with the Federal Communications Commission in the manner and at the location specified in 47 C.F.R. Section 0.40L
- D. Public Notice Requirements:
  - (i) 47 C.F.R. Section 73.3580 requires that applicants for construction permits for new broadcast stations and major changes in existing facilities (as defined in 47 C.F.R. Sections 73.357k(a)ki) (AM), 73.3572(a)ki) (television), or 73.3573(a)ki) (FM)) give local notice in a newspaper of general circulation in the community to which the station is licensed. This publication requirement also applies with respect to major amendments thereto as defined in 47 C.F.R. Sections 73.3571(b) (AM), 73.3572(b) (television), and 73.3573(b) (FM).
  - (2) Completion of publication may occur within 30 days before or after tendering of the application. Compliance or intent to comply with the public notice requirements must be certified in Section VII of this application. The information that must be contained in the notice of filing is described in Paragraph (f) of 47 C.F.R. Section 73.3580. Proof of publication need not be filed with this application.
- E A copy of this completed application and all related documents shall be made available for inspection by the public, pursuant to 47 C.F.R. Section 73.3526.
- F. Replies to questions in this form and the applicant's statements constitute representations on which the FCC will rely in considering the application. Thus, time and care should be devoted to all replies, which should reflect accurately the applicant's responsible consideration of the questions asked. Include all information called for by this application. If any portions of the application are not applicable, so state. Defective or incomplete applications will be returned without consideration. Furthermore, inadvertently accepted applications are also subject to dismissal.

applicant is also attesting that it can and will meet all contractual requirements, if any, as to collateral, gual donations, and capital investments. As used in Section III, "net liquid assets" means the lesser amount of the current assets or of the liquid assets shown on a party's balance sheet, with net current assets being the excess current assets over current liabilities.

- C. Documentation supporting the certification of financial qualifications need not be submitted with this application, but must be available to the Commission upon request. The Commission encourages that all financial statements used in the preparation of this application be prepared in accordance with generally accepted accounting principles.
- D. (i)(a) The applicant must estimate the initial costs of constructing and operating the facility proposed in the application. The estimate for constructing the facility should include, but is not limited to, costs incurred for items listed below. In calculating costs for the items below, determine the costs for the items in place and ready for service, including amounts for labor, supervision, materials, supplies, and freight:

Antenna System (including antenna antenna tower, transmission line, phasing equipment, ground system, coupling equipment and tower lighting);

RF Generating Equipment (including transmitter, tubes, filters, diplexer, remote control equipment, and automatic logger);

Monitoring and Test Equipment (including frequency monitor, modulation monitor, oscilloscope, dummy load, vectorscope, and video monitors);

Program Origination Equipment (including control consoles, film chains, cameras, audio tape equipment, video tape equipment, program and distribution amplifiers, limiters, and transcription equipment);

Acquiring Land;

Acquiring. Remodeling or Constructing Buildings;

Services (including legal, engineering, and installation costs); and

Other Miscellaneous Items (including mobile and STL equipment, non-technical studio furnishings, etc.)

- (b) The estimate must also include the costs of operating the proposed facility for the first three months, including the costs of proposed programming, without relying on advertising or other revenues to meet operating costs. To arrive at an estimate of the total costs to be met by the applicant, the total construction costs should be added to the estimated cost of operation for three months.
- (2) The applicant must also identify, in the application, its sources of funding for the construction and operation of the proposed facility for the first three months. For each source of funding, the applicant must identify the source's name, address, telephone number, a contact person if the source is an entity, the relationship (if any) of the source to the applicant, and the amount of funds to be supplied by the source. The total amount of funds to be supplied by all the sources listed should equal or exceed the estimated cost of construction and operation computed in accordance with paragraph (i) and stated in the application in response to Question 2, Section III.

The funding sources listed on the application should include, if applicable: existing capital, new capital, ioans from banks (identified separately), loans from others (identified separately), profits for existing operations, donations, and net deferred credit from equipment suppliers (identified separately and determined by deducting from the deferred credit the down payment, payments to principal, and interest payments). (Note: if the first equipment payment is due upon shipment, the applicant must include five monthly payments if due in 30 days, four monthly payments, if due in 60 days, three monthly payments, etc.)

- (3) The applicant must also have on hand, at the time it files its application, BUT NEED NOT SUBMIT WITH THE APPLICATION, the following documentation:
  - (a) For the applicant

A detailed balance sheet at the close of a month within 90 days of the date of the application showing the applicant's financial position.

A statement showing the yearly net income, after Federal income tax, for each of the past two years,